

REMARKS

Claim 1, as well as claims 2 – 11 dependent thereon, has been amended to recite that a survey means comprising a questionnaire is provided to selected candidates within a contractor's business for gathering answers concerning information detailing business and financial practices, and further recite that the answers are used for assessing business and financial practices by an independent third party. Moreover, new claim 12 has been added further limiting present claim 1 by requiring that the reporting means is provided to a lending institution for determining the credit line to extend to the contractor. In addition, new claim 13 has been added further limiting present claim 1 by requiring that the contractor certification system is repeated annually. Each of these amendments is clearly supported by the original specification, particularly at: page 12, lines 7 – 16; page 13, lines 3 – 5, lines 10 – 16, lines 18 – 20; page 14, lines 19 – 23; and page 21, lines 12 – 15.

Applicant wishes to express his appreciation to the Examiner for withdrawing the previous objection to applicant's specification and for withdrawing the rejection of claim 6 under 35 USC §112 in light of applicant's previous amendment to the specification and claim 6, respectively.

The invention, as recited by applicants' present claims 1 – 13, provides a contractor certification system for evaluating a contractor's business and financial practices in an accurate, efficient and highly reliable manner. This high degree of accuracy and efficiency is achieved through the utilization of independent third party assessment and evaluation of business and financial information gathered from surveyed candidates within a contractor's business. Following assessment and evaluation, the

independent third party generates an unbiased objective report that can confidently be utilized by lenders in determining financial liabilities and risks associated with extending credit to the contractor.

Generally stated, the system, as required by present claims 1 – 13, comprises a survey means comprising a questionnaire, which is provided to selected candidates within a contractor's business for gathering answers concerning information detailing business and financial practices, the answers being used for assessing business and financial practices of the contractor's practices by an independent third party; a mapping means for studying the answers provided to said questionnaire to select job site visits and candidates for interviews; on-location assessment means for determining business and financial practices at the contractor's operations; comparison means for assessing business and financial practices, and ranking the contractor in comparison with industry standards; and reporting means for providing a grade indicative of said contractor's rank.

The contractor certification system, required by present claims 1 – 13, provides a third party, unbiased, objective analysis of a contractor's business and financial practices using professionals specifically trained to conduct the evaluation. Upon being generated, the report provides a complete analysis of risks associated with the contractor's business and financial practices. This report allows surety and financial institutions to confidently underwrite credit agreements with the contractor at a reasonable rate; it avoids higher rate underwriting charges, which might otherwise be required to account for potential failures in a contractor's operations. This form of objective unbiased analysis by a third party also helps the contractor to obtain credit at the best rate available. The contractor is thereby

provided an opportunity to improve his business and financial practices, and to document them through contractor certification system reports on an annual basis.

Claim Rejections – 35 USC §101

The Examiner has rejected claims 1 – 11 under 35 USC §101 for claiming non-statutory subject matter. Specifically, the Examiner has indicated that applicant's claimed invention, as required by claims 1 – 11, is directed to non-statutory subject matter. The Examiner has stated that the basis of the §101 rejection is set forth in a two-prong test involving the steps of determining: (1) whether the invention is within the technological arts; and (2) whether the invention produces useful, concrete and tangible results.

In applying the first prong of the aforesaid test, the Examiner found that applicants' claimed invention is not within the technological arts – i.e. no computer implementation or other technology is employed. Specifically, the Examiner postulated that applicants' invention, as required by old claims 1 – 11, is not within the technological arts because nothing in the body of the claims recites any structure or functionality to suggest that a computer (or any other technological component) performs the steps. The Examiner stated that furthermore, the recited steps of evaluating a contractor's business on-location, and mapping, comparing, and reporting evaluation results do not apply, involve, use, or advance the technological arts since all of the recited steps can be performed by use of a pencil and paper. Applicants respectfully disagree.

Applicants' claims 1 – 13 require one or more acts to be performed to produce a given result, thereby defining a statutorily protected process. TMEP §2107; *State Street*

Bank & Trust Co. v. Signature Financial Group Inc., 149 F. 3d 1368, 1374 (Claims should not be categorized as methods of doing business. Instead, such claims should be treated like any other *process claims*). Applicants' claims 1 – 13 require survey means comprising a questionnaire, which is provided to selected candidates within a contractor's business for gathering answers; mapping means; on-location assessment means for determining business and financial practices; comparison means for assessing business and financial practices; and reporting means.

A person of ordinary skill in the art would immediately appreciate why applicant's invention is useful based on the characteristics of the invention (i.e. applicants' process). Additionally, the utility, namely, a contractor certification system for evaluating a contractor's business and financial practices in an accurate, efficient and highly reliable manner is specific, substantial, and credible. TMEP 2107.

In view of the foregoing remarks, it is submitted that Applicants' invention, as required by present claims 1 – 13, defines statutory subject matter (i.e. process) having a well-established utility. Accordingly, reconsideration of the rejection under 35 USC §101 is respectfully requested.

Claim Rejections – 35 USC §103

The Examiner has rejected claims 1 – 11 under 35 USC §103(a) as being unpatentable over US Patent No. 5,765,138 to Aycock et al. in view of GuruNet's "Business Evaluation Statements" (hereinafter, "GuruNet"), further in view of US Patent Application No. 2002/0099586 A1 to Bladen et al.

The Examiner has stated that Aycock et al. teaches a contractor certification (supplier evaluation) system comprising: (a) survey means comprising a questionnaire (RFP/RFQ), which is provided to selected candidates (suppliers that desire to be qualified as vendors) within a contractor's business for assessing business (service and support) and financial practices (price and availability); (b) on-location assessment (on-site audit) means for determining (validating) business and financial practices at the contractor's operations; (c) comparison means (risk assessment) for assessing business and financial practices (technical capabilities), and ranking the contractor in comparison with industry standards; and (d) reporting means (product database) for providing a grade indicative of said contractor's rank (competitive analysis of all vendors to determine the respective performance). Applicants respectfully disagree.

The Examiner stated that Aycock et al. fails to teach assessment means for determining the financial practices of a contractor's operations. However, the Examiner has indicated that GuruNet teaches a set of assessment statements that can be used to evaluate the financial practices of a company. The Examiner concluded that it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Aycock et al. to include the means taught by GuruNet to evaluate the financial practices of a company as it is a factor utilized by surety institutions in determining credit rates, loan rates, and loan amounts. Applicants respectfully disagree.

Moreover, the Examiner stated that the combined teaching of Aycock et al. and GuruNet fail to teach a mapping means for studying answers provided to a questionnaire. However, the Examiner has indicated that Bladen et al. teaches a risk assessment system where performance can be compared against an industry benchmark using trend analysis

graphs as results. The Examiner has concluded that it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Aycock et al. to include a mapping means since it is quite advantageous for these graphs to be used to compare the overall performance of a contractor to industry standards or competitors, or to map their individual strengths and weaknesses (Stage 2 of Paragraph 0461). Applicants respectfully disagree.

The Examiner has additionally stated that Aycock et al. teaches on-location assessment (on-site audit) means for determining (validating) business and financial practices at the contractor's operations, comparison means (risk assessment) for assessing business and financial practices (technical capabilities), ranking the contractor in comparison with industry standards, and reporting means. Aycock et al. teaches that if an automatic approval of a supplier cannot be made, then an additional tier analysis is performed, namely performance of an on-site supplier audit to validate the supplier responses, and to gain any additional information necessary to complete the supplier selection process. After the necessary quality maturity requirements have been selected, the process continues to apply the requirements to the request for proposal/request for quotation (RFP/RFQ), which includes requirements for technical specifications, price and availability, service and support and the selected quality maturity requirements. The completed RFP/RFQ is disseminated to suppliers that desire to be qualified as vendors for the identified project. The completed RFP/RFQ is received from the supplier, and includes the supplier responses to the RFP/RFQ requirements.

Clearly, the Aycock et al. patent does not teach on-site financial or business practice audit, as called for by applicants' claims 1 – 11. Rather, the Aycock et al.

teaching is limited to use of an on-site audit to gain additional information necessary to complete the supplier selection process. (col. 7, line 59). Such additional information deals strictly with criteria such as quality, production control and design control criteria; it does not address criteria such as business and financial matters involving the internal business of the supplier.

Aycock et al. discloses an apparatus and method for providing an interactive evaluation of suppliers as proposed vendors for a project. The Aycock et al. patent provides a system and method used to analyze supplier capabilities in order to qualify a supplier as a vendor for a project. The supplier evaluation system taught by Aycock et al. provides for the selection of vendor requirements, selected and assigned relative weight on the basis of project objectives. These requirements are provided to a supplier, and the supplier submits responses thereto. The supplier responses are assigned a scaled score on the basis of corresponding vendor responses. The scaled score is correlated with the relative weight of the requirements, and a supplier maturity level is calculated. This supplier maturity level refers to the supplier's sophistication and capabilities in establishing and maintaining quality standards in the design, production, distribution, serviceability, and reliability of the supplier's product and service.

The supplier evaluation system disclosed by Aycock et al. does not question or evaluate business and financial practices within the supplier's business, as required by applicants' present claims 1 – 11. Significantly, the questions and requirements proposed by the Aycock et al. supplier evaluation system deal with technical specifications, price and availability, service and support and the selected quality maturity requirements (col. 6, line 2 – 5). These maturity requirements are established from a known set of quality

process standards, such as ISO 9001 “Quality Systems – Model for Quality Assurance and Design, Production, Installation and Servicing”, and the like (Col. 5, line 22 – 26). Significantly, these standards are not indicative of a contractor’s risk value for surety and lending institutional purposes.

Instead, these technical specifications are established in order to determine quality assurance, and basically evaluate the supplier as to the quality of the work, the price the work is offered at, and the availability. Price and availability are not tantamount to a contractor’s business and financial practices and are not factors generally utilized by sureties and the like, but rather are utilized by other contractors and the like to determine whether the contractor should utilize a specific supplier. Therefore, it is respectfully submitted that Aycock et al. does not teach a contractor certification system comprising survey means comprising a questionnaire, which is provided to selected candidates within a contractor’s business for assessing business and financial practices.

Recognizing that Aycock et al. fails to teach an assessment means for determining the financial practices of a contractor’s operations, the Examiner has combined therewith the teaching of GuruNet. The Examiner stated that GuruNet teaches a set of assessment statements that can be used to evaluate the financial practices of a company. Particularly, the Examiner stated that GuruNet teaches assessment statements dealing with a business’s finances by including statements regarding paying bills, collecting receivables, budget analysis, accounting systems, sources of capital, cost efficiency, minimization of costs, cash flow levels. The Examiner cited the following GuruNet statements: Retail Questions 72-74, 76-89, 127; Manufacturing Questions 57-68, 123; Wholesale Questions 67-83, 126; and Service Questions 71-85, 98-100 and 138. Moreover, the Examiner

further recognized that the teachings of Aycock et al. and GuruNet fail to teach mapping means for studying answers provided to a questionnaire, the Examiner has combined therewith the teaching of Bladen et al.

For quite some time the art has struggled to devise a system / method that objectively assesses and evaluates a contractor's business and financial practices and issues an unbiased objective report on the contractor's performance and lender risks as compared to industry standards. Yet, up until the time of applicant's invention no method capable of evaluating a contractor's business and financial practices in an accurate, efficient, unbiased highly reliable manner has been proposed by any prior art works, including Aycock et al., GuruNet, or Bladen et al. The prior art inventions and their attendant disadvantages are discussed at pages 1 – 12 of the specification.

It is submitted that any combination of Aycock et al in view of GuruNet and Bladen et al. would require substantial reconstruction and redesign of the system taught by the primary reference, which is not disclosed by the secondary references. Accordingly, it is submitted that the proposed combination can only be made in light of applicant's own disclosure.

Specifically, Aycock et al. teaches an apparatus and method for providing interactive evaluation of potential venders, particularly seeking to provide a supplier evaluation system that provides an objective analysis for evaluating supplier capabilities. (Aycock et al. at column 2, lines 42 – 56). On the other hand, GuruNet teaches self evaluation or self assessment of one's own company (GuruNet, paragraph 1, "here is a list of statements by which you can evaluate your company"). The Examiner stated that it would have been obvious to one of ordinary skill in the art to modify the teachings of

Aycock et al. to include the assessment means taught by GuruNet (i.e. list of assessment statements prompting scaled scored determined by way of self-evolution) to evaluate the financial practices of a company to be utilized by surety institutions in determining credit rates, loan rates, and loan amounts.

However, the inclusion of the subjective statements and self-scored responses by Aycock et al. in view of GuruNet would require a substantial reconstruction and redesign of the objective scaling or evaluation required by Aycock et al. as well as change in the basic principle under which the Aycock et al. method was designed to operate and therefore the teachings of the references are not sufficient to render applicant's claims obvious. *In re Ratti*, 123 USPQ 349, 352 (CCPA 1959). In particular, the inclusion of the subjective scaling of GuruNet would disrupt the "assigning a scaled score for each of said supplier responses" feature of Aycock et al. and be in direct odds with the "assigning a scaled score for each of said supplier responses" feature of Aycock et al.

In conclusion, the combination of an objective, unbiased method with that of a subjective, biased method would render the objective method inoperable for its intended purpose. As such, applicants argue that there is no suggestion to combine the Aycock et al. and GuruNet references.

Even assuming arguendo that the Aycock et al. and GuruNet references could be properly combined in the manner proposed by the Examiner, the resultant combination would still fail to teach applicants' invention as required by present claims 1 – 13.

Neither Aycock et al. nor GuruNet disclose, alone or in combination, survey means comprising a questionnaire, which is provided to selected candidates within a contractor's business for gathering answers concerning information detailing business and

financial_practices. Moreover, neither Aycock et al. nor GuruNet disclose that the answers are further used for assessing business and financial practices of the contractor by an independent third party as is called for by applicants' present claims 1 - 13. Rather, GuruNet discloses a list of generalized statements utilized by a company to perform a self-evaluation of the company's strengths and weaknesses in retail, manufacturing, wholesale, and service. GuruNet does not provide an objective, unbiased, externally assessment, but merely provides a subjective, biased, internal assessment of a company.

GuruNet provides a list of business evaluation statements which a company owner, or the like, can utilize to perform a self-evaluation of their company. (See GuruNet, paragraph 1, "here is a list of statement by which *you can evaluate* your company"). The appropriate list of questions is distributed to the company's staff. Each staff member answers the selected questions by rating each statement on a scale of 1 – 10. (See GuruNet, paragraph 1). The scaled scores are then tallied-up and averaged and are utilized to determine which areas, retail, manufacturing, wholesale, or service, need the most improvement. GuruNet then provides that a plan is to be developed, presumably by the manager / company owner or the like, to improve the most wanting areas uncovered by the self-evaluation.

Significantly, GuruNet merely provides for self-assessment of a company's practices through generalized questions to be answered by way of a scaled score, ranging from 1 – 10. The questions are not answered with specific information that can be utilized to evaluate a company's financial profile. For example, Retail Question 73 asks the staff member to provide a rank to the following question: "We pay our bills on time." To this prompt, an answer is provided by way of a numeral ranging from 1 – 10. Specific

information concerning the payment of bills on time is not provided. Retail Question 89 asks the staff member to assess a score regarding whether “we carefully manage our cash utilization to maintain sufficient liquidity and to invest surplus cash to maximize returns.” No substantive information concerning the management of cash utilization is prompted by way of the question or provided by way of the answer.

Assuming, arguendo, that the Aycock et al. system were modified in light of the Bladen et al. teaching, as proposed by the Examiner for teaching mapping means, the resulting system would still not have survey means comprising a questionnaire, which is provided to selected candidates within a contractor's business for independent third party assessment of the business and financial practices of a contractor, as required by applicants' claims 1 – 13. In contrast to any system constructed in light of the combined teachings of the cited references, the Contractor Certification System called for by present claims 1 – 13 provides an objective assessment to support underwriters' determinations. A validation of contractors' claimed capabilities is also obtained. The Contractor Certification System called for by applicants' claims also provides certification for subcontractors. Surety brokers can be provided with an independent evaluation of their clients. The Contractor Certification System assists the broker in preparing their surety submission. These advantages, inherent to the contractor certification system delineated by present claims 1 – 13, are not disclosed or suggested by the cited references and would not be provided by any system constructed from any combination of the art applied.

In short, each of Aycock et al., GuruNet, and Bladen et al. lack disclosure of an important element called for by applicants' present claims 1 – 13. That component --

survey means comprising a questionnaire, which is provided to selected candidates within a contractor's business for gathering answers concerning information detailing business and financial practices, said answers being used for assessing business and financial practices of said contractor's practices by an independent third party -- is a necessary prerequisite for the outstanding advantages that applicants' claimed system affords.

Claims 2 – 11 have been rejected by the Examiner under 35 U.S. C. §103(a) as being unpatentable over Aycock et al. in view of GuruNet, further in view of Bladen et al. Claims 2 - 11 depend from currently amended claim 1, which is submitted to be patentable for the reasons set forth hereinabove. Inasmuch as claims 2 – 11 contain all the limitations of independent claim 1, as amended, it is submitted that these dependent claims are also patentable over Aycock et al. taken in view of GuruNet, and further in view of Bladen et al.

Accordingly, reconsideration of the rejection of claims 1 – 11 under 35 USC §103(a) as being unpatentable over the combination of Aycock et al., GuruNet, and Bladen et al. is respectfully requested.

Official Notice – TMEP §2144.03

Regarding claim 8, the Examiner has taken Official Notice that questions regarding a company's bidding process and project execution practice are vital components in defining a company's management practices and that an evaluation of these practices would be needed to formulate a comprehensive assessment that can be used to compare the company with other companies. This taking of Official Notice is, respectfully, traversed by applicants.

Up until the time of applicant's invention no method capable of evaluating a contractor's business and financial practices in an accurate, efficient, unbiased highly reliable manner utilizing questions directed to management practices, with particular reference to marketing, bidding processes, and project execution practices has been proposed by any prior art works, including Aycock et al., GuruNet, or Bladen et al. The prior art inventions and their attendant disadvantages are discussed at pages 1 – 12 of the specification. As such, applicants respectfully request that the Examiner to produce authority for his statement. 37 CFR §1.111(b); *Chevenard*, 139 F.2d at 713, 60 USPQ at 241; TMEP 2144.03 subsection C.

CONCLUSION

In view of the amendment to claim 1, as well as claims 2 – 11 dependent thereon, and the remarks set forth above, it is respectfully submitted that the present application is in allowable condition. Reconsideration and allowance of claims 1 – 11, as well as new claims 12 and 13 are, therefore, earnestly solicited.

Respectfully submitted,
David J. Alverson et al.


By _____

Ernest D. Buff
(Their Attorney)
Reg. No. 25,833
(908) 901-0220